



# UNTAPPED POTENTIAL

## THE U.S. COMMERCIAL STRATEGY FOR CHINA

by the Trade Promotion Coordinating Committee

No market in the world represents as much untapped potential to U.S. exports as China. The China WTO accession agreement provides the framework for American businesses to unlock this potential. Over the next couple of years, the U.S. commercial strategy will emphasize helping U.S. companies realize all the benefits of this agreement by focusing primarily on compliance and export promotion.

At the same time, we will work with the Chinese to ensure that they have the capacity and infrastructure to meet their WTO obligations. We will also create a compliance monitoring system that will quickly identify any violations of the agreement and then assertively use bilateral channels, and where appropriate, the WTO system to address them. To directly help U.S. businesses, we will increase our efforts to foster U.S. export growth to China through an aggressive trade promotion effort and by increasing U.S. businesses' awareness of their new options in profiting from the Chinese market.

### ENSURING COMMERCIAL COOPERATION

To help China obtain the expertise necessary to implement a kind of market-based, rule-of-law system, required by membership in the WTO, the Administration is making assistance to the Chinese in meeting their WTO obligations a priority. This will be done principally through the U.S.-China Joint Commission on Commerce and Trade (JCCT), the Commercial Law Development Program (CLDP) and the WTO Monitoring Accession Plan.

#### THE JCCT

The JCCT provides a government-to-government framework to promote U.S.-China commercial cooperation in a variety of sectors. The U.S. plans to use the JCCT forum to work with the Chinese on several WTO related issues including:

- Expansion of a dialogue on commercial cooperation to exchange ideas concerning commercial laws and regulations that will need to change as a result of China's entry

into the WTO. This dialogue will identify areas in which we can work together. This public-private partnership could involve U.S. and Chinese experts in government, business, labor and academia. The dialogue would be co-chaired by government officials from relevant agencies on both sides;

- An agreement to deepen support for China's adoption of international standards, acceptance of international conformity assessment practices and fulfillment of the provisions of the Technical Barriers to Trade Agreement (TBT) of the WTO. Over the next twelve months, dialogues will occur on China's adoption of internationally accepted codes, standards and conformity assessment practices for laboratory accreditation, nuclear power plants, cosmetics, automobiles and medical devices; and,
- China's agreement to establish a U.S. standards expert in Beijing to facilitate these and other TBT implementation initiatives in 2001.

### COMMERCIAL LAW DEVELOPMENT

WTO rules will require widespread and complex changes in China's application of trade rules and policies. Training can head off problems that might occur because of lack of knowledge. Subject to funding, the State Department will work with the Department of Commerce's Commercial Law Development Division on a technical assistance package that will manage technical assistance to Chinese legal and administrative initiatives that are oriented toward market-based commercial activity. This technical assistance may include, but will not be limited to, assistance to bring the Chinese legal and regulatory system in greater compliance with international standards in government

for \$22 million for a major increase in overall compliance activities, with China's WTO compliance a prominent feature. All U.S. Government trade-related agencies will participate in monitoring China's efforts to meet its obligations in the WTO. [For more details on the Compliance Initiative, please see pp. 8-9.]

### CREATING OPPORTUNITIES FOR U.S. BUSINESSES

The rationale behind making sure China becomes a viable member of the WTO is to make it easier for U.S. businesses to export. With China's accession into the WTO, U.S. businesses will face significantly lower tariffs, reduced licensing and quota restrictions, non-discriminatory applied value-added tax, and will

initiate to hold a virtual trade mission via the Internet and video conferencing, giving U.S. SMEs the ability to sell to new customers in China.

**Purchasing Missions:** The U.S. Department of Commerce is working with the Chinese to develop several purchasing missions that will come to the United States in 2000 and 2001. These missions will bring Chinese buyers, who are seeking specific U.S. products, to the U.S. to meet with U.S. businesses.

**Promotional Events:** TPCC agencies and the Chinese will host over 30 events to highlight market opportunities in key industry sectors such as agricultural equipment, environmental technologies, information, aviation

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procurement regulations and processes, customs regulations and procedures, government ethics, judicial review of administrative action, legislative and regulatory publications, trade regulations and administration, and deregulation.

### WTO ACCESSION MONITORING PLAN

The WTO agreement will strengthen our ability to ensure China comes into compliance with its obligations by giving us the option of pursuing violations under the WTO dispute settlement system. To ensure that China actually makes the changes required in its trade rules and regulations and lives up to its commitments, the Administration has proposed the largest and most comprehensive monitoring and enforcement effort ever mounted for any trade agreement.

As part of the President's Compliance Initiative, the Administration has asked

not be required to go through state-owned trading enterprises to export. To ensure that U.S. companies are able to take advantage of the prospects presented by China's accession into the WTO, TPCC agencies are working on a number of fronts, from trade missions to trade finance, to increase U.S. companies' knowledge of the U.S.-China Bilateral Agreement so that they can make the most of the opportunities it presents.

The main venue for this effort will be the JCCT, which, in addition to its activities in providing assistance to the Chinese in living up to their WTO commitments, also assists U.S. firms in taking advantage of the new opportunities created by those commitments. The JCCT activities over the coming year will include:

**Virtual Trade Missions:** At this year's JCCT, it is hoped that the U.S. Government will obtain Chinese agreement to announce a joint U.S.-China

and motor vehicles. Trade missions for the clean energy and housing sectors and official U.S. participation in major automobile, medical-equipment, nuclear-energy and machine-tool shows are being planned in China for mid-FY2000 and early-FY2001.

**Partner Events:** To help increase private sector and state activities in China, TPCC agencies will continue to support dozens of other events and missions such as the franchising trade fair, the State of Illinois trade mission, the National Association of Home Builders trade mission and the PhRMA trade mission, among many others. Key among these efforts is the Market Development Cooperator Program (MDCP) which helps underwrite the start-up costs of programs of nonprofit export multipliers (states, trade associations, chambers of commerce).

In addition to the above export assistance programs and events, the JCCT will also be coordinating U.S. efforts to

market. It will also help open and liberalize China's economy, and integrate China more fully into the world economy. TPCC agencies are positioning themselves to ensure that U.S. exporters are able to take advantage of the tremendous opportunities this agreement will provide. If you would like more information on participating in any of the export promotion programs listed above, please contact the Trade Information Center at 1-800-USA-TRAD(E).

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